



JOHN CHIANG
California State Controller

February 7, 2014

Linda K. Rondeau, Superintendent
Pittsburg Unified School District
2000 Railroad Avenue
Pittsburg, CA 94565

Dear Ms. Rondeau:

The State Controller's Office reviewed the costs claimed by the Pittsburg Unified School District for the legislatively mandated Standardized Testing and Reporting (STAR) Program (Chapter 828, Statutes of 1997) for the period of July 1, 2001, through June 30, 2003. We conducted our review under the authority of Government Code sections 12410, 17558.5, and 17561. Our review was limited to ensuring that the California Department of Education STAR Program apportionment was properly offset.

The district claimed \$28,505 for the mandated program. Our review found that \$6,722 is allowable and \$21,783 is unallowable. The costs are unallowable because the district did not report any offsetting reimbursements, as described in the attached Summary of Program Costs and the Finding and Recommendation.

We informed Enrique Palacios, Deputy Superintendent of Business Services, of the review finding via email on January 14, 2014. We did not receive a response from the district.

For the fiscal year (FY) 2001-02 claim, the State paid the district \$13,151 from funds appropriated under Chapter 724, Statutes of 2010. Our review found that \$2,241 is allowable. The State will apply \$10,910 against any balances of unpaid mandated program claims due the district as of October 19, 2010.

For the FY 2002-03 claim, the State paid the district \$15,354 from funds appropriated under Chapter 724, Statutes of 2010. Our review found that \$4,481 is allowable. The State will apply \$10,873 against any balances of unpaid mandated program claims due the district as of October 19, 2010.

If you disagree with the review finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's website at www.csm.ca.gov/docs/IRCForm.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, by phone at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/sk

Attachments

RE: S14-MCC-951

cc: Enrique Palacios, Deputy Superintendent of Business Services
Pittsburg Unified School District
Bill Clark, Associate Superintendent
Business and Administrative Services
Contra Costa County Office of Education
Peter Foggiano, Director
School Fiscal Services Division
California Department of Education
Carol Bingham, Senior Fiscal Policy Advisor
Government Affairs Division
California Department of Education
Thomas Todd, Assistant Program Budget Manager
Education Systems Unit, California Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

Attachment 1— Summary of Program Costs July 1, 2001, through June 30, 2003

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 2,652	\$ 2,652	\$ —
Pre-test and post-test coordination	6,045	6,045	—
Test administration	3,700	3,700	—
Total salaries and benefits	12,397	12,397	—
Materials and supplies:			
Training, policies, and procedures	171	171	—
Total materials and supplies	171	171	—
Total direct costs	12,568	12,568	—
Indirect costs	583	583	—
Total direct and indirect costs	13,151	13,151	—
Less offsetting reimbursements	—	(10,910)	(10,910)
Total program costs	<u>\$ 13,151</u>	2,241	<u>\$ (10,910)</u>
Less amount paid by the State ²		(13,151)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (10,910)</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries and benefits:			
Pre-test and post-test coordination	\$ 14,606	\$ 14,606	\$ —
Total direct costs	14,606	14,606	—
Indirect costs	748	748	—
Total direct and indirect costs	15,354	15,354	—
Less offsetting reimbursements	—	(10,873)	(10,873)
Total program costs	<u>\$ 15,354</u>	4,481	<u>\$ (10,873)</u>
Less amount paid by the State ²		(15,354)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (10,873)</u>	

Attachment 1 (continued)

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Review</u>	<u>Review Adjustment ¹</u>
<u>Summary: July 1, 2001, through June 30, 2003</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 2,652	\$ 2,652	\$ —
Pretest and post-test coordination	20,651	20,651	—
Test administration	3,700	3,700	—
Total salaries and benefits	27,003	27,003	—
Materials and supplies:			
Test materials, supplies, and equipment	171	171	—
Total materials and supplies	171	171	—
Total direct costs	27,174	27,174	—
Indirect costs	1,331	1,331	—
Total direct and indirect costs	28,505	28,505	—
Less offsetting reimbursements	—	(21,783)	(21,783)
Total program costs	<u>\$ 28,505</u>	6,722	<u>\$ (21,783)</u>
Less amount paid by the State		(28,505)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (21,783)</u>	

¹ See Attachment 2, Finding and Recommendation.

² Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

Attachment 2— Finding and Recommendation July 1, 2001, through June 30, 2003

**FINDING—
Unreported offsetting
reimbursements**

The district did not report offsetting reimbursements totaling \$21,783, because it did not report any of the Standardized Testing and Reporting (STAR) Program apportionments received from the California Department of Education (CDE) for the review period.

On August 24, 2000, the Commission on State Mandates (CSM) adopted the statement of decision for the STAR Program. The CSM determined that Chapter 828, Statutes of 1997, and the implementing regulations at Title 5, *California Code of Regulations*, sections 850 through 904, imposed a state mandate upon school districts reimbursable under Government Code section 17561, commencing October 10, 1997.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The CSM adopted the parameters and guidelines on January 24, 2002. In compliance with Government Code section 17558, the State Controller's Office issues claiming instructions to assist school districts in claiming mandated program reimbursable costs.

On reconsideration under Statutes of 2004, Chapter 216, section 34; and Statutes of 2004, Chapter 895, section 19, the CSM found that effective July 1, 2004, many of the reimbursable activities were either federally mandated or no longer required, and thus were not reimbursable. Accordingly, the CSM deleted references to the non-reimbursable activities and renamed the program the "National Norm-Referenced Achievement Test" effective July 1, 2004. This latter program has been suspended since September 30, 2008.

The parameters and guidelines for the STAR Program (section VII. Offsetting Savings and Reimbursements) state:

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, services fees collected, federal funds and other state funds shall be identified and deducted from the claim.

Education Code section 60640, subdivision (h)(1), specifies that the State Superintendent of Public Instruction shall apportion funds to school districts to enable them to administer the tests within the STAR Program. For the review period, we determined that the district received \$34,198 from the CDE.

We determined the amount that should have been offset by multiplying the total CDE apportionment by the reimbursable mandate percentages, which are based on test results published on the CDE STAR website. The district administered the following STAR tests during the review

period: California Standards Test (CST); Stanford Achievement Test, Ninth Edition (SAT-9); California Achievement Test, Sixth Edition Survey (CAT/6); Spanish Assessment of Basic Education, Second Edition (SABE/2); and the California Alternate Performance Assessment (CAPA). The CST and CAPA tests are not reimbursable because they were not pled in the test claim that created this mandate.

Based on the CDE's published test results, the reimbursable mandate percentages are as follows: 65.11% for fiscal year (FY) 2001-02 and 62.34% for FY 2002-03.

The following table summarizes the unreported offsetting reimbursement calculation for the review period:

	Fiscal Year		Total
	2001-02	2002-03	
STAR Program Apportionments:			
CDE apportionment	\$ (16,757)	\$ (17,441)	\$ (34,198)
Mandate-related percentage	× 65.11%	× 62.34%	
Mandate-related apportionment	(10,910)	(10,873)	(21,783)
Less offset CDE apportionment	-	-	-
Review adjustment	<u>\$ (10,910)</u>	<u>\$ (10,873)</u>	<u>\$ (21,783)</u>

Recommendation

We recommend that the district ensure that all applicable reimbursements are offset against mandated program costs.